

**MEMORANDUM OF AGREEMENT  
BETWEEN  
THE DEFENSE LOGISTICS AGENCY  
AND  
THE DEPARTMENT OF THE ARMY**

**I. REFERENCE / AUTHORITY**

A. This is a Memorandum of Agreement (MOA) pursuant to:

1. The Army Executive Steering Committee's decision to exclude Supply Class VIII from the Army Single Stock Fund" (SSF) - May 99, and Army's subsequent request to have the Defense Logistics Agency (DLA) take ownership of related inventories - August 99 (see annex 1).

2. The Oct 4, 99 Memorandum from the Commander, Defense Logistics Support Command (DLSC) to DLSC Staff Directorates, subject "DLA's Role in Implementation of the U.S. Army Single Stock Fund (SSF) Initiative" and the 4 Oct 99 DLA/DLSC Integrated Process Team (IPT) Charter.

B. The authority to execute this agreement on behalf of the DLA is vested with the Director, DLA. The authority to execute this agreement on behalf of the Army is vested with the Deputy Chief of Staff for Logistics (DCSLOG), and the Army Surgeon General (SG).

**II. BACKGROUND:** Currently the Army maintains medical materiel stocks for its Medical Treatment Facilities (MTFs) in the retail Army Working Capital Fund (AWCF)-Supply Management Activity (SMA) and manages these inventories on the Theater Army Medical Management Information System (TAMMIS). The vast majority of these medical stocks are non-Army managed items not managed in the Standard Army Retail Supply System (SARSS) and are therefore excluded from the Single Stock Fund (SSF). The Army asked DLA as the DoD provider for medical materiel, to take over ownership of TAMMIS replenishment stocks located at designated MTFs (see annex 2). Since the summer of 1999, Army and DLA representatives have worked on the method for effecting this inventory transfer. This MOA is the culmination of their efforts.

**III. SCOPE AND PURPOSE:**

A. This Memorandum of Agreement (MOA) governs the Army and DLA Class VIII (medical) SSF implementation procedures, roles, and responsibilities. It includes the phased transfer of approximately \$35 million of medical inventories, \$8.2 million in local purchase obligation authority (OA) in FY 00, and \$153.2M in local purchase OA in FY 01 from the Army to DLA. It includes the phased transition of Army executed local purchase transactions to DLA managed and executed local purchase support. This is to be accomplished within three years from the date of approval of this agreement. This proposal specifically addresses support of the 20 Army medical activities referenced as "DWWC" in annex 3.

B. The purpose of the MOA is to outline how medical inventories owned and managed by the Army will be transferred to DLA for management. Further, this MOA outlines the partnering requirement to eliminate routine medical local purchase, and to put into place efficient

June 1, 2000

alternatives for it. This initiative is a first step in the larger goal of DLA assuming its full DoD provider responsibilities for Class VIII.

C. This MOA is effective upon signature by all three parties. Due to the potential software changes required in TMMIS, and the timelines of the SSF schedule, this transfer will be accomplished in the following four phases.

1. Phase I (current date through Conversion Day (C-Day) IAW the Army SSF conversion/implementation schedule)). Current C-Days for each affected medical activity are contained in annex 2. Army and DLA personnel will prepare for inventory transfer of ownership, to include on-site assessments. The Army will continue to reduce the number of stock funded Medical Treatment Facilities (MTFs), stock levels, and excess at those MTFs remaining stock funded. The Army will transfer AWCF-SMA local purchase obligation authority for medical materiel to the Defense Wide Working Capital Fund (DWWCF) DLA Supply Activity Group. Preparation of supply and financial records including funds authorization and control, and inventory transfer of ownership documents, will be accomplished IAW a jointly developed conversion plan. Procedures to ensure funds control will be put in place and evaluated. The Conversion Plan will be adapted for the Army's Theater Army Medical Materiel Management System (TMMIS) and DLA's Standard Automated Materiel Management System (SAMMS) system changes and time-phased to stay ahead of SSF Implementation. A joint test and evaluation of the Phase II capability described in paragraph III.C.2. below will be conducted in this phase. Mutual agreement by the Commander, DLSC, Army SG, and the DCSLOG that all Phase I milestones listed above have been reached is required before movement to Phase II.
2. Phase II (C-Day through Year Two). Asset management of inventories at selected MTFs will continue to be maintained on TMMIS with automated information generated for SAMMS/DSCP updates. Army funded infrastructure (personnel, facilities, and equipment) will continue to be used to support what will then be DWWCF-owned inventories, as long as DLA maintains forward stockage at those Army medical facilities. This includes inventory management, receipt, storage, distribution, issue, and local purchase support. The Defense Supply Center Philadelphia Medical Directorate (DSCP-M), in coordination with Army Office of the Surgeon General (OTSG), will establish at least annually, local purchase ceilings/transition objectives. DSCP Regional Business Cells are currently responsible for regional standardization of medical materiel used by Army, Navy, and Air Force MTFs, (see annex 4). These cells' activities will be expanded to monitor local purchase and credit card activity, and manage Army/DSCP opportunities to increase Prime Vendor, web-based business, "tailored" local purchase contract support, and other advanced business solutions, apart from current Direct Vendor Delivery (DVD). DSCP Regional Business Cells will be augmented and/or added to locations beyond the Regional Medical Centers, as justified by demonstrated business process improvements IAW the Conversion Plan. Financial controls will be established through the use of funding targets in TMMIS provided by the DSCP comptroller (DSCP-R) and a funding ceiling in SAMMS as documented on the Funds Authorization Document (FAD). Daily detailed transactions will be passed from TMMIS to DSCP to update inventory and funds control processes/databases. TMMIS software will incorporate required interfaces to the Standard Army Financial System (STANFINS) to permit processing of obligations by cost center. Cost recovery data will be captured by DSCP and projected for surcharge inclusion IAW DoD policy. A test of Phase III capability (described in paragraph III.C.3. below) will be conducted

in this phase. Mutual agreement by the Commander, DLSC, Army/SG and the DCSLOG that all Phase II milestones listed above have been reached is required before movement to Phase III.

3. Phase III ((Year three to Business Systems Modernization (BSM) Fielding)). TAMMIS will be capable of processing multiple fund codes, allowing both the DWWCF and direct customer funds on the same system. TAMMIS will continue to generate transactions for DSCP-R/M. Medical activities' local purchases will transition to increased Prime Vendor, web-based ordering, and tailored local purchase support put in place by DSCP. This phase will continue until BSM is functional and the Defense Medical Logistics Standard System (DMLSS) can interface with BSM.
4. Phase IV (End State). BSM and DMLSS are fully operational.

D. The DLSC, DSCP, and Army OTSG conversion/implementation team will implement SSF conversion according to a detailed Plan of Action and Milestones (POA&Ms) to ensure the transfer of material, and mutually acceptable measurement of effectiveness goals remain on track. DLSC, DSCP, Army SG, and DCSLOG will be provided quarterly progress updates.

#### **IV. ASSUMPTIONS**

A. Army will work with DLA to ensure conversion of current local purchase transactions to Prime Vendor, web-based ordering, and/or tailored local purchase support provided by DSCP for the medical commodity. To support this, Army will provide DSCP visibility into captured local purchase sales data.

B. The desirability of a long term Army/DLA partnership and resulting benefits remain the foundation for establishing this agreement.

C. Changes to legacy systems will be carefully analyzed, and investments targeted at more efficient electronic ordering capabilities. If changes are necessary to SAMMS, they will be mutually assessed, and funding of changes will be negotiated.

D. A TAMMIS or DLMSS to DSCP/SAMMS interface will remain in place until BSM interface is active.

#### **V. RESPONSIBILITIES/RELATIONSHIPS:**

A. DLA will assume responsibility for:

1. Taking over ownership and forward stocking medical materiel at designated MTFs.
2. Establishing and refining asset management and financial control data and report requirements needed from the Army.
3. Preparing and executing a mutually agreed upon conversion plan to accept ownership of inventories and transition local purchase.
4. Setting mutually agreed upon local purchase reduction objectives at least annually.
5. Expanding web-based ordering capabilities for medical materiel.
6. Extending DSCP Regional Business Cells as needed to other locations
7. Ensuring that BSM has the flexibility and functionality to accommodate the business processes identified in this agreement.

8. Identifying and/or establishing a regularly scheduled forum(s) to take over from the SSF Non-SARSS System IPRs and address medical issues, like ownership of operational medical stocks at overseas locations, DMLSS interface to BSM, and local purchase conversion. The Medical Logistics Proponent Subcommittee (MLPS) will be utilized in these areas as applicable.
9. Developing support for contingency requirements.
10. Budgeting for sufficient DWWCF to support SSF beyond FY01.
11. DSCP will develop and staff all system change requirements for SAMMS.

**B. The Army will be responsible for:**

1. Minimizing the amount of inventory that must be transferred to the DLA.
2. Transferring medical inventories and local purchase obligation authority to DLA.
3. Maintaining TMMIS or DMLSS as the accountable records systems until such time as DLA's Business Systems Modernization program (BSM) is implemented and DMLSS is fully fielded/integrated.
4. Preparing and executing a mutually agreed upon conversion plan to transfer ownership of the materiel and transition local purchase.
5. Setting up a joint test and evaluation of the Phase II capability at Ft. Riley
6. Effecting software changes to TMMIS required for test and evaluation in Phase I, and implementation of Phases II and III.
7. Setting up a joint test and evaluation of the Phase III capability
8. Incorporating and tracking the requirements of this MOA into the monthly Non-SARSS System in-process reviews (IPRs).
9. Coordinating with Army medical activities to provide DLA access, and working with DSCP personnel to implement inventory transfer, and DSCP Regional Business Cells to phase out routine local purchase.
10. Provide transactions, reports, and TMMIS systems capabilities required to support DSCP-R/M in asset management and funds control.
11. Managing non-medical items currently found in TMMIS
12. Updating Army logistics policy directives to clarify DLA inventory ownership and Army accountable officer relationship/responsibilities
13. Providing DSCP visibility into captured local purchase sales data
14. Providing DSCP copies of its internal medical buying purchase cardholder and approving official inspection reports as requested.
15. Defining contingency support requirements/projections.

## **VI. PERFORMANCE and FUNDING**

A. Army OTSG and DSCP will develop a SSF conversion plan and establish local purchase reduction objectives for each supported medical activity by fiscal year.

B. The Army will initiate transfer of AWCF-SMA OA to the DWWCF DLA Supply Activity Group in FY00 for medical local purchase requirements. FY 01 local purchase requirements will be reflected in the AWCF-SMA and DWWCF DLA Supply Reapportionment Requests and coordinated with OSD analysts.

**VII. AUDITING:** The following policy and procedures will be reviewed for adequacy and applicability, and revised as required for use by the new forward stockage locations.

AR 40-61: Medical Logistics Policies and Procedures

AR 710-2: Inventory Management Supply Policy Below the Wholesale Level  
DA PAM 710-2-1: Using Unit Supply System (manual procedures)  
DA PAM 710-2-2: Supply Support Activity Supply System (manual procedures)  
AR 725-50: Requisition, Receipt, and Issue System

**VIII. RESOLUTION PROCESS:** Disagreements which cannot be resolved regarding matters addressed in this MOA by the parties of the agreement will be processed IAW DoD Instruction 4000.19.

**IX. GENERAL PROVISIONS:**

**A. PERIOD OF AGREEMENT:** The effective date of the MOA is from the date of signature by all three parties. The Agreement will be reviewed at the end of each fiscal year with the first annual review occurring at the end of FY 01 and renewed as necessary.

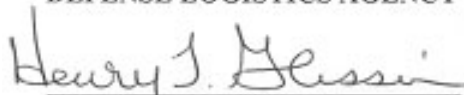
**B. AMENDMENTS:** Amendments, including additions, deletions, or modifications, to this MOA and/or its annexes, proposed by any party, will be forwarded in writing to the other parties for consideration. If all three parties accept the proposed revision, the supplying activity will amend the agreement and forward it to the receiving activities for signature.

**C. TERMINATION:** If this agreement is unilaterally terminated or suspended with less than 180 days notice to the other parties, the terminating party may be billed for unavoidable termination expenses incurred. Reimbursement for termination costs are subject to negotiation.

**X. POINTS OF CONTACT:** DLA POC on this agreement is Major Mike Markovich, DLSC Business and Resources Support Team (DLSC-BR), Commercial (703) 767-3653, DSN 427-3653. Receiver POC is COL Jonathan Kissane, ACSLOG, US Army Medical Command, Commercial (703) 681-8065 or DSN 761-8065.

**APPROVED:**

**DEFENSE LOGISTICS AGENCY**



Henry T. Glisson (DLA-D)  
Lieutenant General, USA  
Director

1 JUN 2000  
DATE

**U.S. ARMY**



Charles C. Cannon  
Major General, USA  
Deputy Chief of Staff for Logistics

1 JUN 2000  
DATE



Ronald R. Blanck  
Lieutenant General, Medical Corps  
The Surgeon General

1 JUN 2000  
DATE

#### Annex 1

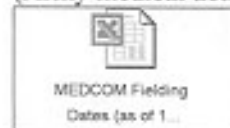


#### Annex 4



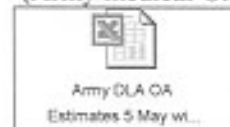
#### Annex 2

(Army medical activities' conversion dates)



#### Annex 3

(Army medical OA estimates)



DALO-SSF 6

August 1999

MEMORANDUM THRU

DEPUTY CHIEF OF STAFF FOR LOGISTICS

DIRECTOR OF THE ARMY STAFF

FOR DIRECTOR, DEFENSE LOGISTICS AGENCY, SUITE 2533,  
8725 JOHN J. KINGMAN ROAD, FORT BELVOIR, VA 22060

SUBJECT: Planning for Army Single Stock Fund Implementation

1. Reference the Army Single Stock Fund (SSF) Executive Steering Committee (ESC) Decision Briefing, 19 May 1999.
2. The SSF is a Department of the Army business process reengineering initiative to improve the Army's logistics and financial processes in the Army Working Capital Fund, Supply Management Army business area. It will merge current retail and wholesale stock fund operations into a nationally-managed fund under the auspices of the U.S. Army Materiel Command. A more detailed explanation of SSF is enclosed for your review.
3. IAW the cited reference, the Army leadership has approved excluding from the SSF certain non-Army-managed items which are being processed by other than the Standard Army Retail Supply System and the Army Materiel Command Installation Supply System. We believe it is essential that the Defense Logistics Agency begin the planning process to take ownership of DLA-managed stocks in Army Clothing Initial Issue Points System, bulk petroleum storage sites, and the Theater Army Medical Management Information System. One option for your consideration is extending ownership for DLA-managed items as the Army implements SSF.
4. You have assisted the Army SSF effort by providing a point of contact for the continuing planning process. We appreciate this support and look forward to continuing cooperation as we move toward demonstration and implementation. We also solicit your comments and concerns on the proposal for DLA to eventually capitalize residual stocks in the areas mentioned in paragraph 3 above.
5. We look forward to a continuing productive working relationship with the DLA staff to ensure a smooth and well-coordinated transition process. We would welcome the opportunity to brief you and your staff about SSF at your convenience.
6. DALO-SSF point of contact is Bert Hervey, (703) 617-5614.

Encl

SUE BAKER  
Program Manager,  
Single Stock Fund

CF:

ASA(FM&C)

HQDA DALO-ZB/DALO-SMZ-C/DALO-PLZ

DIRECTOR FOR SYSTEMS REQUIREMENTS, DFAS-INDIANAPOLIS

CDR, U.S ARMY MATERIEL COMMAND, ATTN: AMCDCG-L/AMCLG/  
ACMRM

PROGRAM MANAGER, GLOBAL COMBAT SUPPORT SYSTEM, ARMY SSF  
PROJECT MANAGER, GRCI

TAMMIS FIELDING PLAN  
SITES

Current MEDCOM AWCF Sites and Planned SSF Implementation Dates					
TAMMIS Supply Accounts					
SEQ	MACOM	LOCATION	MEDCOM CONV DATE	TYPE FUNDING	SARSS SSF CONV DATE
1	FORSCOM	Fort Riley	1-Jul-00	DWWCF	1-Nov-00
2	AMC/MEDCOM	Fort Detrick	1-Jul-00	DHP	N/A
3	TRADOC	Fort Gordon	1-Jul-00	DHP	1-Oct-00
4	TRADOC	Fort Jackson	1-Jul-00	DHP	1-Oct-00
5	TRADOC	Fort Leavenworth	1-Jul-00	DHP	1-Oct-00
6	TRADOC	Fort Leonard Wood	1-Jul-00	DHP	1-Oct-00
7	TRADOC	Fort Rucker	1-Jul-00	DHP	1-Oct-00
8	TRADOC	Fort Benning	1-Aug-00	DWWCF	1-Oct-00
9	TRADOC	Fort Eustis	1-Aug-00	DWWCF	1-Oct-00
10	TRADOC	Fort Knox	1-Aug-00	DWWCF	1-Oct-00
11	FORSCOM	Fort Irwin	1-Aug-00	DHP	1-Nov-00
12	TRADOC	Fort Huachuca	1-Aug-00	DHP	1-Oct-00
13	FORSCOM	Fort Carson	1-Sep-00	DWWCF	1-Nov-00
14	FORSCOM	Fort Hood	1-Sep-00	DWWCF	1-Nov-00
15	TRADOC	Fort Bliss	1-Sep-00	DWWCF	1-Nov-00
16	FORSCOM	Fort Bragg	1-Oct-00	DWWCF	1-Dec-00
17	FORSCOM	Fort Campbell	1-Oct-00	DWWCF	1-Dec-00
18	FORSCOM	Fort Drum	1-Oct-00	DWWCF	1-Dec-00
19	FORSCOM	Fort Polk	1-Oct-00	DWWCF	1-Dec-00
20	FORSCOM	Fort Stewart	1-Oct-00	DWWCF	1-Dec-00
21	MDW	Fort Belvoir	1-Nov-00	DHP	1-Jan-01
22	MDW	Fort Meade	1-Nov-00	DHP	1-Jan-01
23	USMA	West Point	1-Nov-00	DHP	1-Jan-01
25	AMC/MEDCOM	USAMMCE (Germany)	1-Dec-00	DWWCF	1-Feb-01
26	USFK	16 th MEDLOG Bn (Korea)	1-Dec-00	DWWCF	1-Feb-01
27	USARPAC	Fort Wainwright	1-Jan-01	DHP	1-Mar-01
28	USARPAC	Tripler Army MEDCEN (Hawaii)	1-Jan-01	DWWCF	1-Mar-01
29	AMC/MEDCOM	Fort Sam Houston (BAMC)	1-Feb-01	DWWCF	N/A
30	AMC/MEDCOM	Walter Reed Army MEDCEN	1-Feb-01	DWWCF	N/A
* 31	AMC/MEDCOM	Madigan Army MEDCEN (Lewis)	1-Feb-01	DWWCF	N/A
* 32	AMC/MEDCOM	Reynolds Army Hospital (Sill)	1-Feb-01	DWWCF	N/A
Other Supply Accounts					
24	AMC/MEDCOM	Fort Sam Houston (SARSS)	1-Nov-00	SSF	Hood 1-Nov-00
** 33	AMC/MEDCOM	Detrick IFS (Garrison)	30-Sep-00	DHP	N/A
** 34	AMC/MEDCOM	Detrick IFS (Site R)	30-Sep-00	OMA	N/A
** 35	AMC/MEDCOM	Fort Sam Houston (IFS)	30-Sep-00	OMA	N/A
36	AMC/MEDCOM	Fort Sam Houston (FAS)	TBD	DWWCF	N/A
* Original Demo Sites Transferred from TRADOC/FORSCOM to AMC/MEDCOM					
** Scheduling dependent on OMA Buyout funding from ABO					

OA Estimates

Activity	Location	FY99 Inventory	CY99 Contracting	CY99 Credit Card(AWCF)	DBPA	CY99 Obligations	CY99 LP %	FY99 Obligations
Eisenhower Army Medical Center	Fort Gordon, GA	\$561,365	\$3,855,755	\$1,761,359	\$10,580	\$31,235,416	18.02%	\$30,513,667
Moncrief Army Hospital	Fort Jackson, SC	\$438,656	\$1,396,027	\$1,009,421	\$1,943,868	\$16,741,752	25.98%	\$13,724,346
TAMMIS Installation	Fort Detrick, MD							
FT Leavenworth	Fort Leavenworth, KS	\$89,484	\$247,570	\$586,459	\$2,980	\$4,313,399	19.40%	\$3,178,138
FT Rucker	Fort Rucker, AL	\$91,448	\$101,934	\$204,582	\$36,232	\$5,218,618	6.57%	\$4,650,815
L. Wood Army Hospital	Fort Leonard Wood, MO	\$239,971	\$1,169,554	\$2,802,589	\$40,620	\$12,880,377	31.15%	\$11,391,287
Bliss Army Hospital	Fort Huachuca, AZ	\$56,890	\$170,367	\$756,193	\$6,734	\$4,733,473	19.72%	\$4,884,816
Weed Army Hospital	Fort Irwin, CA	\$536,624	\$905,321	\$96,945	\$254,960	\$2,884,948	43.58%	\$3,173,025
Dewitt Army Hospital	Fort Belvoir, VA	\$638,071						\$19,080,740
Kimberly Army Health Clinic	Fort Meade, MD	\$973	\$8,058,856	\$1,399,137	\$9,200	\$19,844,711	47.69%	\$8,558,299
William Keller Army Hospital	West Point, NY	\$71,856	\$1,029,281	\$1,295,918	\$62,243	\$7,519,332	31.75%	\$7,212,288
Irwin Army Hospital	Fort Riley, KS	\$149,291	\$852,871	\$1,483,833	\$50,714	\$8,931,596	26.73%	\$7,391,428
Ireland Army Hospital	Fort Knox, KY	\$346,050						\$16,214,329
Martin Army Hospital	Fort Benning, GA	\$443,744	\$1,042,766	\$1,867,111	\$615,491	\$18,587,356	18.97%	\$18,261,590
McDonald Army Hospital	Fort Eustis, VA	\$76,353	\$190,027	\$930,232	\$3,584	\$11,696,566	9.61%	\$10,893,850
Darnall Army Hospital	Fort Hood, TX	\$210,124	\$3,561,826	\$3,888,682	\$3,004,531	\$27,241,283	38.38%	\$25,602,364
Evans Army Hospital	Fort Carson, CO	\$209,535	\$1,472,204	\$1,857,020	\$1,117,333	\$17,682,433	25.15%	\$15,168,318
Wm Beaumont Army Med Ctr	Fort Bliss, TX	\$152,178	\$7,229,877	\$552,928	\$0	\$27,300,576	28.87%	\$23,461,173
Bayne-Jones Army Hospital	Fort Polk, LA	\$320,598	\$1,437,774	\$632,669	\$1,915,399	\$10,915,837	36.51%	\$8,916,338
Blanchfield Army Hospital	Fort Campbell, KY	\$355,153	\$2,031,369	\$1,891,851	\$94,049	\$18,664,938	21.52%	\$15,615,545
Guthrie Army Hospital	Fort Drum, NY	\$73,244	\$61,152	\$643,669	\$0	\$4,087,863	17.24%	\$3,609,125
Winn Army Hospital	Fort Stewart, GA	\$395,264	\$1,504,976	\$2,640,907	\$88,123	\$14,349,343	29.51%	\$13,303,333
Womack Army Medical Center	Fort Bragg, NC	\$697,602	\$1,065,998	\$4,581,943	\$201,001	\$31,595,365	18.51%	\$30,305,520
16th MEDLOG Battalion	Korea	\$3,900,000	\$0	\$0	\$2,602,661	\$12,913,376	20.15%	\$11,080,000
U.S. Army Med Material Ctr Europe	Germany	\$7,951,000	\$1,960,086	\$2,184,517		\$50,592,251	8.19%	\$44,723,000
Bassett Army Hospital	Fort Wainwright, AK	\$288,006	\$1,611,806	\$674,518	\$204,052	\$5,777,332	43.11%	\$4,744,633
Tripler Army Medical Center	Hawaii	\$1,140,360	\$6,962,648	\$1,196,175		\$27,569,592	29.56%	\$27,741,123
Brooke Army Medical Center	Fort Sam Houston, TX	\$509,000	\$8,543,279	\$4,994,792	\$283	\$44,296,502	30.56%	\$42,591,000
Madigan Army Medical Center	Fort Lewis, WA	\$1,656,847	\$8,524,529	\$1,839,385		\$34,894,756	29.70%	\$32,443,844
Reynolds Army Hospital	Fort Sill, OK	\$488,359	\$1,837,885	\$3,784,513	\$99	\$12,112,488	46.42%	\$10,190,073
Walter Reed Army Medical Center	Washington, DC	\$2,316,000	\$25,809,429	\$2,729,497		\$64,539,180	44.22%	\$63,680,000
<b>Grand Total</b>		\$24,354,044	\$92,632,877	\$48,377,843	\$12,263,737	\$549,120,659	\$8	\$532,504,008

# Tri-Service Regional Business Offices

